

Company Name : My E.G. Services Berhad
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Analyst Report – MyEG 'Hold'

INTERNET management services provider MyEG's net cash level is expected to drop from RM36.8mil to RM1.4mil after the group's acquisition of 45-sq-ft commercial space at the podium level below MyEG Tower at Empire City for RM35.4mil cash.

It has entered into a sales and purchase agreement with Cosmopolitan Avenue to acquire the space.

Separately, MyEG has also entered into a put option agreement with Cosmopolitan Avenue to sell the property back at the amount equal to 66.67% of the purchase consideration within six months from the date of delivery of vacant possession of the property to MyEG at the company's sole discretion, should there be any unforeseen circumstances which may impact the group's operations.

UOB KayHian said it is neutral on the share price as it understood that the property is to house the group's customer service and showroom to showcase MyEG's concession and commercial services in order to centralise its operations and relocate all employees under one roof.

It said it has maintained its target price of RM1.62, implying 20 times price-to-earnings ratio, as it did not expect a significant reaction should MyEG recognise a significant impairment for its goods and services tax monitoring investment.

Nevertheless, it has maintained its "hold" call until there are clearer signs of the new government loosening up related policies on migrant intake, which has slowed significantly in the past few weeks as they followed through one of their GE14 manifestos to reduce the numbers of foreign workers in Malaysia.